

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-02

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04 SIL-01

/078 W

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P R 270707Z FEB 76

FM AMCONSUL MILAN

TO SECSTATE WASHDC PRIORITY 4581

USIA WASHDC PRIORITY

INFO AMEMBASSY ROME

UNCLAS MILAN 0462

USIA FOR ICS PAUL MILLER

SUBJECT: FEB 19 MILAN ELECTRONIC DIALOGUE WITH BURTON GORDON/  
MALKIEL

REF 75 MILAN 2426

SUMMARY: NORTHERN ITALIAN SOCIALISTS DEVOTED AN EVENING TO DISCUSSION OF AMERICAN ECONOMIC RECOVERY. ON THE U.S. SIDE BURTON GORDON MALKIEL, MEMBER OF THE PRESIDENT'S COUNCIL OF ECONOMIC ADVISERS VIA THE MEDIUM OF ELECTRONIC DIALOGUE PRESENTED PROFILE OF U.S. RECOVERY AND THE ADMINISTRATION'S STRATEGY TO SUSTAIN THAT RECOVERY. PROGRAM SIGNIFICANTLY CONTRIBUTED TO OPENING LINES OF COMMUNICATION WITH A PART OF THE POLITICAL SPECTRUM WHICH HAS DISPLAYED SCARCE SYMPHATHY FOR AN EGREGIOUS UNDERSTANDING OF U.S. ECONOMIC POLICY.

1. SIXTY FIVE NORTHERN ITALIAN SOCIALISTS, MAINLY ECONOMISTS, GATHERED ON FEB 19 AT THE IMPORTANT MILAN INTELLECTUAL FORUM THE TURATI CLUB, TO DISCUSS AMERICAN ECONOMIC RECOVERY AND BY IMPLICATION THE CRISIS OF CAPITALISM. IN ABSENCE OF TOP LEVEL U.S. ECONOMIC POLICY-MAKER IN MILAN THE POST

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ARRANGED FOR ELECTRONIC DIALOGUE WITH PROFESSOR BURTON

GORDON MALKIEL OF PRESIDENT'S COUNCIL OF ECONOMIC ADVISERS.

2. ON ITALIAN SIDE PANELISTS INCLUDED THE PRESIDENT OF THE VENICE BIENNALE, ONE OF THIS AREA'S OUTSTANDING SOCIALIST PARTY PERSONALITIES, THE DIRECTOR OF PLANNING OF STATE ENERGY ENI, NATIONALLY IMPORTANT TRADE UNION LEADER (NATIONAL SECRETARY OF CGIL), AND ECONOMIC EDITOR, A SOCIOLOGIST AND A PROFESSOR OF AMERICAN HISTORY. ALSO PARTICIPATING IN THE DISCUSSION AND CO-HOSTING EVENT WAS MILAN CONSUL GENERAL THOMAS W. FINA.

3. AUDIENCE CONSISTED OF ECONOMISTS, LEADING YOUNG MILAN SOCIALISTS, SEVERAL JOURNALISTS, TWO REGIONAL GOVERNMENT OFFICIALS, AND DIRECTOR OF MILAN INTERNATIONAL AFFAIRS INSTITUTE.

4. THE POST'S MAIN OBJECTIVES WERE: TO BLUNT SOME OF THE MORE INTENSE INVECTIVE ISSUING FROM THE ITALIAN LEFT ON FAILURE OF OUR COMMON ECONOMIC SYSTEM TO COME TO GRIPS WITH CRISIS; TO CONVEY MEASURE OF CONFIDENCE IN ABILITY OF U.S. POLICY MAKERS TO REACH SENSIBLE SOLUTIONS TO WESTERN ECONOMIC PROBLEMS; TO DEFLECT IDEOLOGICAL ATTACK ON U.S. ECONOMIC POLICY; AND PERHAPS MOST IMPORTANTLY TO OPEN PRAGMATIC PUBLIC DIALOGUE WITH NORTHERN ITALIAN SOCIALISTS. THESE GOALS SEEN AS ESPECIALLY VITAL DURING PERIOD IN WHICH ITALIAN NEWSPAPERS HAVE INTERSPERSED NEWS OF ECONOMIC AND POLITICAL CRISIS WITH HEADLINES ON THE CIA AND CORRUPT PRACTICES OF U.S. MULTINATIONALS.

5. FOLLOWING MALKIEL'S TAPED PRESENTATION ON THE STATE OF THE U.S. ECONOMY, PANEL OF ITALIAN EXPERTS RAISED A NUMBER OF QUESTIONS CONCERNING U.S. POLICY. AS EXPECTED, PANELISTS DWELT ON THE COMMITMENT OF GOVERNMENT TO INTERVENE ACTIVELY TO REDUCE THE IMPACT OF CURRENT CRISIS ON WORKING CLASS. ANOTHER MAJOR THEME WAS THE DEBATE IN U.S. AND ITALY OVER FULL EMPLOYMENT GOAL. DISCUSSION ALSO TOUCHED ON THE HARMFUL IMPACT OF THE U.S. MULTATIONLS; U.S. TRADE POLICY; QUALITY OF LIFE ISSUE; DISTRIBUTIVE JUSTICE AND DEBATE OVER STATE PLANNING.

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6. IN HIS RESPONSE MALKIEL SUCCEEDED IN CONVEYING CLEAR AND OPTIMISTIC PICTURE OF U.S. RECOVERY, CORRECTED A NUMBER OF MISAPPREHENSIONS ABOUT AMERICAN ECONOMIC POLICY ESPECIALLY RELATED TO GOVERNMENT CONCERN FOR UNDER-PRIVILEGED. BUT MAIN IMPACT OF DIALOGUE WAS LESS ONE OF CHANGING MINDS THAN OF OPENING THEM.

7. ONE PROBLEM GENERIC TO ELECTRONIC DIALOGUE AS MEDIUM IS

RISK INVOLVED IN ASKING HIGH-LEVEL WASHINGTON PARTICIPANT SENSITIVE QUESTION WHEN HE NOT FULLY AWARE OF CONTEXT. THIS DEMONSTRATED DURING LIVE CONVERSATION WITH MALKIEL WHEN HE WAS ASKED WHAT HIS ECONOMIC POLICY ADVICE TO PRESIDENT WOULD BE SHOULD COMMUNISTS ENTER ITALIAN GOVERNMENT. MALKIEL AVOIDED DIRECT RESPONSE WHICH MODERATOR CHOSE TO INTERPRET LATER AS IMPLYING OPENMINDED ATTITUDE TOWARD PCI PARTICIPATION IN ITALIAN GOVERNMENT..CONGEN DENIED THIS IMPLICATION TO AVOID POSSIBLE MISUNDERSTANDING AND DESPITE PRESENCE OF PRESS NO MENTION OF MODERATOR'S INTERPRETATION REPORTED.

8. SECOND PROBLEM WHICH CAUSED GREAT ANXIETY WAS LAST MINUTE REQUIREMENT THAT MALKIEL TESTIFY BEFORE CONGRESS AT HOUR SCHEDULED FOR PROGRAM. FORTUNATELY HE MADE SPECIAL EFFORT AND PROGRAM STRETCHED OUT FOR EXTRA HOUR WITH BENEFICIAL EFFECT.

9. FINALLY, DURATION ALLOTTED ALLOWS FOR FRUSTRATINGLY LITTLE TIME FOR TREATMENT OF COMPLEX ISSUES.

10. BEST TRIBUTE TO SUCCESS OF DIALOGUE WAS PUBLICALLY EXPRESSED WICH ON PART OF LEADING SOCIALIST PARTICIPANTS THAT PROGRAM SERVE AS FIRST IN SERIES OF EXCHANGES WITH U.S. ON IMPORTANT ISSUES. SPONSOR PLANS TO PUBLISH FULL TEXT OF PROCEEDINGS AND HAS INVITED USIS TO FOLLOW-UP WITH OTHER PROGRAMS.

11. PRESENCE OF CONGEN ALLOWED FOR LIVE U.S. PARTICIPATION AND CORRECTION OF SEVERAL MISCONCEPTIONS ABOUT U.S.-POLICY TOWARD ITALY. CONGEN ALSO PLAYED ENERGETIC ROLE IN SETTING DOWN GROUND-RULES AND ORIENTING DISCUSSION IN CONSTRUCTIVE, NON-POLEMICAL DIRECTION.

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12. POST ALSO ARRANGED TO HAVE EMBASSY ECONOMIC MINISTER MICHAEL CALINGAERT MAKE VALUABLE FIVE MINUTE VTR INTRODUCTION TO MALKIEL TAPE WHICH RELATED MALKIEL PRESENTATION TO MAIN ITALIAN CONCERNS.

13. WE WOULD LIKE PROF MALKIEL TO VIST MILAN PERSONALLY TO CONTINUE DISCUSSION WHICH HE SO ABLY AND EFFECTIVELY BEGAN.FINA

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC RECOVERY, MEETINGS, ECONOMIC PROGRAMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 FEB 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Original Handling Restrictions:** n/a  
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**Previous Handling Restrictions:** n/a  
**Reference:** 76 MILAN 2426  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** castelsl  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 20 JUL 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <20 JUL 2004 by schwenja>; APPROVED <07 SEP 2004 by castelsl>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FEB 19 MILAN ELECTRONIC DIALOGUE WITH BURTON GORDON/ MALKIEL  
**TAGS:** ECON, US, IT  
**To:** STATE USIA  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006